

# HALIFAX

P.O. Box 1749  
Halifax, Nova Scotia  
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## Item No. 8.1

Halifax Regional Council  
September 22, 2020  
November 17, 2020

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Jacques Dubé, Chief Administrative Officer

**DATE:** July 28, 2020

**SUBJECT:** Administrative Order 50 Respecting Disposal of Real Surplus Property: Community Interest Category - 64 True North Crescent, Dartmouth. PID 40414187; 67 True North Crescent, Dartmouth. PID 40414161; 80 True North Crescent, Dartmouth, PID 40414179; 91 True North Crescent, Dartmouth; PID 40414146.

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### ORIGIN

August 13, 2019 – Recommendation Report to Halifax Regional Council, Administration Order 50 – Declaration of Surplus Property – Package 07.19 the following motions were approved:

THAT Halifax Regional Council

1. Declare the properties, contained in Attachments B, C, and D of this report, as surplus to municipal requirements; and
2. Categorize the properties as specified in Attachments B, C, and D of this report, pursuant to Administrative Order 50, Respecting the Disposal of Surplus Real Property.

### LEGISLATIVE AUTHORITY

*Halifax Regional Municipality Charter, 2008, S.N.S c.39*

**Section 63(1)** The Municipality may sell or lease property at a price less than market value to a non-profit organization that Council considers to be carrying on an activity that is beneficial to the Municipality.

**(2)** A resolution to sell or lease property referred to in subsection (1) at less than market value shall be passed by a two-thirds majority of the Council present and voting.

**(3)** Where the Council proposes to sell property referred to in subsection (1) valued at more than ten thousand dollars at less than market value, the Council shall first hold a public hearing respecting the sale.

**(4)** The Council shall advertise the public hearing at least twice, in a newspaper circulating in the Municipality, the first notice to appear at least fourteen days before the hearing.

**(5)** Notice of the public hearing shall include the date, time and place of the hearing, the location of the real property or description of the tangible personal property, the estimated value of the property and the purpose of the sale.

**RECOMMENDATIONS ON PAGE 2**

*Administration Order 50 Respecting the Disposal of Surplus Real Property.*

**Subsection 2(2)(b) Community Interest**

Properties known to have potential for community use, in particular where:

- (i) there has been a prior community or institutional use of the property; or
- (ii) by location or scarcity of available property the consideration would reasonably arise.

*Administrative Order 2014-015-ADM Respecting Reserve Funding Strategies.*

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Set a date for a public hearing to consider the sale of 64 True North Crescent, Dartmouth, PID 40414187; 67 True North Crescent, Dartmouth, PID 40414161; 80 True North Crescent, Dartmouth, PID 40414179; and 91 True North Crescent, Dartmouth, PID 40414146; to the Affordable Housing Association of Nova Scotia as per the terms and conditions outlined in Table 2 of this report; and
2. Subject to the outcome of the public hearing, approve the sales and authorize the CAO to direct the Mayor and Municipal Clerk to execute, on behalf of the Municipality, agreements of purchase and sale and buy-back agreements with the Affordable Housing Association of Nova Scotia as per the terms and conditions outlined in Table 2 of this report.

**BACKGROUND**

**Municipal Policy:** Administrative Order 50 is a standardized process for the sale or lease of surplus real property according to the intent of the sale. Section 2(b) defines Community Interest properties as known to have potential for community use, in particular where:

- (i) there has been a prior community or institutional use of the property; or
- (ii) by location or scarcity of available property the consideration would reasonably arise.

In 2019 five (5) parcels of vacant land located on True North Crescent, Dartmouth, were declared surplus and assigned to the Community Interest category. Subsequent to Council's decision, the disposal of one (1) parcel located at civic address 50 True North Crescent (PID 40414195) was suspended pending confirmation from HRM Transportation and Public Works as to the possibility of extending True North Crescent to connect with Farthington Place. If a portion of this parcel is required in relation to a municipal thoroughfare the land may need to be sub-divided and a new plan of survey, legal description, and value will be required prior to disposal. Regardless, the eventual Call for Submission did not include the fifth parcel at 50 True North Crescent.

In January 2020 a Call for Submissions was issued for the following properties:

- 64 True North Crescent, PID 40414187;
- 67 True North Crescent, PID 40414161;
- 80 True North Crescent, PID 40414179; and
- 91 True North Crescent, PID 40414146

**Property Description:** All four (4) properties are vacant parcels of land with access to municipal water:

- 64 True North Crescent, PID 40414187, lot size 21,504.03 square feet.
- 67 True North Crescent, PID 40414161, lot size 19,268.69 square feet.
- 80 True North Crescent, PID 40414179, lot size 25,391.40 square feet.

- 91 True North Crescent, PID 40414146, lot size 12,681.82 square feet.

**Zoning:** The four (4) properties are zoned TH (Town Housing) and the following uses are permitted:

- two or more one-family dwellings, which are attached vertically, and which have their own independent entrances and exits;
- schools; and
- any use accessory to any of the foregoing uses.

The lands are located within the Centre Plan area, Package B, which was released to the public in February 2019 to solicit feedback for Council's consideration. As proposed, subject to Council's approval, True North Crescent would be zoned to include ER-2 which would permit slightly higher density than the current TH zoning.

**Property Valuation and Assessment:** In October 2019 HRM retained the services of Turner Drake & Partners Limited to conduct an appraisal of the subject lands. The individual values are listed below:

- 64 True North Crescent, PID 40414187, Market Value \$64,512
  - 67 True North Crescent, PID 40414161, Market Value \$57,807
  - 80 True North Crescent, PID 40414179, Market Value \$76,173
  - 91 True North Crescent, PID 40414146, Market Value \$38,046
- Total** **\$236,538**

The 2019 assessed values of the four parcels of land were as follows:

- 64 True North Crescent, PID 40414187, Assessment \$94,800
  - 67 True North Crescent, PID 40414161, Assessment \$85,000
  - 80 True North Crescent, PID 40414179, Assessment \$319,700
  - 91 True North Crescent, PID 40414146, Assessment \$55,900
- Total** **\$555,400**

The land is currently classified as Residential Exempt. There is a difference of \$318,862 between the appraised and assessed values. Conveyance will probably trigger a re-assessment by Property Valuation Services Corporation.

**History of Ownership and Use:** In 1991 the former City of Dartmouth purchased the lands from a private interest<sup>1</sup>. Despite an archival search the cost of the acquisition cannot be substantiated. The Municipality's intent was to develop "affordable" mixed-income residential amenities and a temporary zoning amendment was made to provide flexibility in built form (for example, the inclusion of single-family dwellings)<sup>2</sup>. The change from TH (Townhouse) to TH and R1-M (Single Family Modified) has since reverted to the original TH zoning.

## **DISCUSSION**

As of the June 5, 2020, application deadline, one (1) submission was received. The application is from the Affordable Housing Association of Nova Scotia ("the Association").

**Proponent's Profile:** Incorporated as a non-profit society in 1990, the Association has acted as an advocate for the provision of and upgrades to affordable housing throughout Nova Scotia. The Association conducts research, education, and consulting services to support the sector's varied service providers. This

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<sup>1</sup> Minutes, Dartmouth City Council, September 17, 1991, p.9.

<sup>2</sup> Minutes, Dartmouth City Council, July 20, 1993, pp.2-3.

work has been supported to a significant extent by designation as a “Community Entity” by the federal Department of Employment and Social Development. A Community Entity is a role delegated through a Contribution Agreement with the federal government to select, approve, and manage projects that reduce homelessness and enhance community capacity to develop long-term solutions to homelessness in communities throughout Nova Scotia. Currently, the Association is a member of the Halifax Housing and Homelessness Partnership, a group comprising representation from the federal, provincial and municipal governments, the Nova Scotia Health Authority, non-profit housing organizations and investment property owners whose mutual interest is to end homelessness. The Association’s Board of Directors comprise individuals with diverse experience in the social housing sector, land use planning, design and construction.

In terms of local development projects, the Association has limited local experience but was a member of the former Creighton-Gerrish Development Association<sup>3</sup>, a non-profit consortium that included the Metro Non-Profit Housing Association, the Black Business Initiative, and the City of Halifax Non-Profit Housing Society. During its tenure the partnership developed six townhouses which were sold to moderate income first-time homeowners and small-scale apartment buildings that were conveyed to member organizations to operate. In 2019, the Association’s role expanded with the purchase of a 12-unit apartment building. Given the recent acquisition and consequently the Association’s role as a property owner/landlord, the Association’s staff members have completed a Residential Property Management course developed by the Investment Property Owners Association of Nova Scotia.

**Proponent’s Intended Use:** The proponent intends to develop the vacant land through the construction of twenty-five (25) town houses that will comprise a mix of “affordable” and “market” rentals. Specifically, 56% of the units have been deemed “affordable” comprising five (5) 2-bedroom and nine (9) 3-bedroom dwellings. The remaining “market” rentals comprise four (4) 2-bedroom and seven (7) 3-bedroom units. The proposal incorporates energy efficiency elements and 20% of the units are to be fully accessible<sup>4</sup>.

As proposed, the development would include a mix of market and “affordable” rental rates<sup>5</sup> as shown below in Table 1.

<b>Table 1. Proposed Rental Rates</b>	
<b>Unit</b>	<b>Rent</b>
2-Bedroom Affordable	\$960
3-Bedroom Affordable	\$1,140
2-Bedroom Market	\$1,200
3-Bedroom Market	\$1,425

According to the 5-Year Projected Operating Budget rental rates exclude heat, electricity, and water. The rationale to exclude specific operating costs from the rental rate was informed by the practices of some non-profits in HRM and helps reduce energy consumption.

<sup>3</sup> Incorporated in 1998 the Creighton-Gerrish Development Association ceased operations in 2017 when funding for a proposed 48-unit condominium building could not advance: the proposed ownership model did not fit CMHC’s mortgage insurance program or commercial lending practices. In 2018, the land was sold, and the proceeds were distributed among the partner organizations.

<sup>4</sup> The proposal does not specify if the fully accessible units are exclusively at “affordable” rental rates which may be desirable based on national income data for persons whose income is exclusively or primarily reliant on a disability pension (readers are referred to the Canada Council for Social Development, Low Income Scales).

<sup>5</sup> Submission pp 4-5.

The intended use complies with the current zoning and the location is considered desirable for family housing given the close proximity to schools, parks and public transit.

**Proponent's Terms and Conditions of Offer:**

- The Association has offered \$1.00 for each parcel of land totaling \$4.00 and stated this purchase price is non-negotiable.
- An amount of \$16,790 has been offered towards HRM's closing costs but the amount is negotiable. Further, the Association proposes to request a pre-authorized payment plan over 12 months at \$1,399.16/month.
- The Association requests that any Buy-Back Agreement be modified to permit an increase in borrowing, subject to HRM's approval, from 65% of the market value to 95%.
- A closing date within three (3) months of Regional Council's approval.
- A conditional offer on 91 True North Crescent (PID 40414146) pending the outcome of a Phase II Environmental Assessment. Should the findings of the assessment be deemed cost-prohibitive or detract from the overall development plan the Association propose that the property would be conveyed back to HRM. If this parcel of land were to revert to HRM the total number of units would be reduced accordingly. This request was identified as negotiable.

**Proposed Financing:** The Association's projected capital funding is exclusively from federal and provincial government sources:

Federal (National Housing Strategy: Rental Construction Financing Program)	\$4,163,323
Provincial (Non-Refundable Grant)	550,000 <sup>1</sup>
Federal (CMHC: Seed Funding Grant)	35,000
<b>Total</b>	<b>\$4,748,323</b>

**Proposed Capital Plan:** The projected capital budget totals is based on the construction of 25 "modest-sized" townhouses (22,400 sf total) at a total cost of \$4,731,049. When these development costs are deducted from the projected capital funding there is a projected "balance" of \$17,274.

**5-Year Projected Operating:** The projected operating budget is predicated on the completion of construction in 2021 and revenues commence in 2022. This timeline may require amendment pending confirmation of the Association's acquisition of 91 True North Crescent, Dartmouth. The only holding costs identified in the first year (2021) is municipal property tax which the Association will pay. Thereafter, annual costs include a management fee (4% of revenue), insurance, and maintenance which is expected to be modest for newly constructed buildings. Heat, electricity, and water are to be paid by tenants in addition to base rent.

**Administrative Order 50 – Community Interest Category**

The A050 process for consideration under the Community Interest category is a two-step process to determine the feasibility of a proponent's proposal. The first step requires a technical evaluation by a staff team followed by overall consideration by Regional Council using different criteria.

**1. Staff Evaluation Results**

An inter-disciplinary team of staff was convened to evaluate the submission led by Finance & Asset Management. The team included Grants & Contributions, Real Estate, and Accounting<sup>6</sup>. In accordance with Schedule 1, Disposal of Community Interest Properties, Section 15, Evaluation Procedures of A050, staff evaluates submissions on four (4) criteria:

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<sup>6</sup> Additional technical assistance was provided by staff of Planning & Development.

- Viability.
- Benefit to the Community.
- Benefit to the Municipality.
- Compensation.

#### Key Findings

**1. Viability** – The operations of the Association are well established demonstrating stable cash flow, staffing continuity, an experienced Board of Directors, and a history of involvement with the non-profit affordable housing sector in Nova Scotia. Historically, their primary support for the sector has been focused on advocacy, research, training, policy development/planning, and consulting services. However, as noted in its audited financial statements, the Association’s ability to continue viable operations is dependent upon maintaining government funding and it has posted a small operating loss each of the past four (4) years.

Although the Association purchased a property in August 2019, they have limited experience in property ownership and management. As of the date of the submission it has not been determined if the Association will manage the property or hire a non-profit or private company to do so. However, the projected operating budget includes a 4% management fee.

The most recent financial statements are for the year ended March 31, 2019, therefore the mortgage liability is not reflected in the financial information received as part of the Call for Submissions. Asset ownership does, however, represent an equity position that could secure a modest degree of financing less any outstanding liability due under the mortgage.

The applicant’s projected capital budget of \$4,748,323 for construction appears reasonable but relies entirely on government funding. Specifically, \$4.1 million (87%) from the federal government’s *National Housing Strategy: Rental Construction Financing Program* (“RCFP”). Therefore, this review includes an overview of the RFP program:

- to qualify for financing below market value, developers must propose viable projects that meet key measures including modest affordability criteria (rents below 10% of full market value), a 15% decrease in energy consumption or emissions, and 10% of the project’s units must meet municipal accessibility standards<sup>7</sup>;
- potential to borrow up to 100% of costs with up to a 50-year amortization period;
- the initial loan has a 10-year period with interest only payments during construction, initial occupancy, and a stabilization period (approximately 12 months following occupancy);
- after 10 years the loan is re-financed and CMHC is to serve as guarantor (no premium is charged representing a saving of ~4%).

As proposed, 14 (56%) of the townhouse units would be offered at “affordable” rents. The affordable rents in the applicant’s submission are based on a comparison to market rental rates for townhouse units throughout the Halifax Zone (all of HRM Halifax Census Area) as reported by the Canadian Mortgage and Housing Corporation (“CMHC”). Compared to CMHC’s reported market rents for the Dartmouth North neighbourhood<sup>8</sup>, the proposed affordable rents are close to market value. It is important to note that CMHC’s reported market rents for Dartmouth North include all unit types, i.e. both townhouse apartments and apartments in multi-unit buildings. Due to the limited sample size of rental townhouses in Dartmouth North, CMHC does not report the market rent for this specific unit type. To qualify for funding under the National Housing Strategy (“NHS”), the proponent will

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<sup>7</sup> <https://cmhc-scw.gc.ca/en/nhs/rental-construction-financing-initiative>

<sup>8</sup> Primary Rental Market Statistics – Dartmouth North, CMHC, 2017.

need to offer units to satisfy CMHC's affordability criteria. As of the submission deadline, the Association has not commissioned an independent appraisal and has elected to apply to CMHC's *Seed Funding Grant* for funding to complete this analysis. Notwithstanding different methods for determining "affordability", market demand, referrals, and possible rent subsidies provided to individuals and families by the Nova Scotia Department of Community Services will factor into an occupancy profile.

The projected operating budget for property tax appears to have been based on current assessment values, but conveyance could trigger a re-assessment by Property Valuation Services Corporation. Any consideration for municipal tax relief in fiscal year 2021 under HRM's *Tax Relief for Non-Profit Organizations Program* requires an application be submitted by November 30, 2020.

Overall, the viability of the proposal depends upon unconfirmed federal and provincial financing. The application does not provide an alternative financing proposal should those funds not be approved.

2. **Benefit to Community** – The proposal has the potential to increase family housing in the area, address low vacancy rates, and utilizes land acquired by the former City of Dartmouth for its intended purpose. The Municipality has no operational requirements for these lands and their utilization is preferable to prolonged vacancy.
3. **Benefit to the Municipality** – Development of lands for affordable and market-rate rental housing would further Council's discretionary interest in increasing the number of affordable housing units in the region and could further the goals set out in the Affordable Housing Work Plan that was approved by the Council in 2018. Further, two and three-bedroom units can accommodate families in a location with access to public transit and other amenities.
4. **Compensation** – The Proposed purchase price of \$1.00 per lot is below the combined market value of \$236,538. However, as proposed, the properties are to be used for the construction of both affordable and market rental housing which represents an opportunity to facilitate the use of the lands as intended by the former City of Dartmouth's initial acquisition.

In summary, the submission scored 53/100 based on the information provided by the applicant and responses to supplementary questions of clarification.

## Recommendations

**Conditional Offer - 91 True North Crescent, Dartmouth:** To mitigate administrative inefficiencies and potential costs it is recommended that the conveyance of 91 True North Crescent, Dartmouth, be conditional upon the findings of a Phase II Environmental Site Assessment conducted by and at the sole expense of the Association prior to closing. The Environmental Site Assessment would be part of the proponent's due diligence, satisfaction of which would be a condition for the benefit of the Purchaser in the Agreement of Purchase and Sale. While the property title is held by HRM the assessment classification would remain Residential Exempt.

**Buy-Back Agreement:** In 2014, Regional Council approved a policy with respect to the use of Buy-Back Agreements in property sales to non-profit organizations<sup>9</sup>. The policy states that a Buy-Back Agreement shall have an initial term of 25 years followed by an automatic review by Regional Council to consider continuation, amendment or release. The Buy-Back Agreement normally forms a first option on the property in favour of the Municipality and is in priority to any financial encumbrances granted by the Purchaser after the sale closes. During the term of the Buy-Back Agreement, the Purchaser may apply to the Municipality

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<sup>9</sup> Report to Regional Council meeting of July 22, 2014, "Use of Buy-Back Agreements in Property Sales to Non-Profit Organizations", dated June 23, 2014.

for a postponement of the Buy-Back Agreement to enable the Purchaser to secure financing of the property. Under the policy the CAO has the delegated authority to approve of the postponement to a maximum of 65% of the property’s market value as of the date of the request. The purpose of a Buy-Back Agreement is to uphold the purpose for which the property was sold at less than market value.

**Request Regarding Postponement of Buy-Back Agreement Threshold:** The Association has requested that the Buy-Back Agreement be postponed to permit mortgage financing of up to 95% of the properties’ market value as-if-improved. If a postponement of the Buy-Back Agreement is granted, the maximum financial encumbrances in total should not exceed 95% of the properties’ market value as-if-improved and should only be for purposes of improving the subject properties and not for other purposes of the Association.

**Proposed Terms and Conditions of Sale**

<b>Table 2. KEY TERMS AND CONDITIONS (PROPOSED)</b>	
<b>Civic Address</b>	64, 67, and 80, and 91 True North Crescent
<b>Area</b>	Total: 78,846 square feet
<b>Zoning</b>	TH (Town House)
<b>Assessed Value</b>	Total: \$555,400 (2019)
<b>Appraised Value</b>	Combined total value of four (4) properties is \$236,538.
<b>Tax Status</b>	Residential Exempt.
<b>Proposed Purchase Price</b>	\$1.00 for each of the four (4) lots.
<b>Terms of Offer</b>	Properties to be sold “as-is” and “as-zoned”.
<b>Proposed Use</b>	The construction of town houses for rent at and below market value rental rates.
<b>Conditions of Sale</b>	<p>Property to be conveyed “as is/as where is” and subject to existing encumbrances, if any exist.</p> <p>The Municipality’s obligation to sell the property to the Purchaser shall be subject to the Purchaser arranging and providing proof of sufficient financing from CMHC and other governments and agencies, prior to the closing date, to guarantee the successful completion of the housing units.</p> <p>The Purchaser shall be per permitted to complete any due diligence as agreed between HRM and the Purchaser or as required by their lender, including a Phase II Environmental Site Assessment of 91 True North Crescent.</p>
<b>Buy-Back Agreement</b>	<p>A Buy-Back Agreement shall be registered on title as a recorded interest and be in force for a minimum term of 25 years upon which time it may be amended, released or extended by HRM in its sole discretion. HRM shall retain the first option to repurchase the property at \$1.00 plus the value of capital improvements made to the property, less annual depreciation.</p> <p>The Buy-Back Agreement shall be binding upon future purchasers of the property for so long as it is registered on title until it is released by the Municipality.</p> <p>The Buy-Back Agreement shall include a clause requiring that 56% of the total units continue to be offered at 20% below market rent in perpetuity.</p> <p>The Buy-Back Agreement shall allow for a postponement to secure financing of</p>

	<p>up to 95% of the property's market value as-if-improved. Such financing is to be used for the subject property and not for other projects of the Purchaser.</p> <p>The Buy-Back Agreement shall include a requirement that construction must be substantially completed within 60 months from the closing date to ensure timely development of the property.</p>
<b>Closing Date</b>	<p>Within 3 months of Regional Council's approval or following any agreed upon due diligence, whichever is later.</p>
<b>Cost of Sale Recoveries</b>	<p>\$7,748 (\$1,937 per property) due upon receipt of an itemized invoice issued by HRM, or as permitted under Section 3 of Schedule 2 of Administrative Order 50. The Purchaser may make separate application to the Treasurer of the Municipality for a payment plan respecting the remittance of the transaction fees required by Section 1 (migration fees, deed fees, appraisal or comparative market analysis). HRM does not guarantee the outcome of any such application.</p>

Council's Consideration

Upon review of staff's evaluation, Council is to review the submission based on criteria set out in Section 17 of the policy, namely

- (i) the market value of the property as appraised;
- (ii) the Planning Strategies of the area;
- (iii) the benefit of any cost saving to HRM;
- (iv) the consequences or benefit to the community or the Municipality as a whole; and
- (v) the beneficial consideration of any submission against the benefit to the Municipality of selling the property at market value; and
- (vi) whether or not a Buy-Back Agreement is a condition of sale.

The following information is provided for Council's consideration:

- the combined assessed value of four (4) parcels of land is \$555,400;
- the combined 2019 appraised value is \$236,538;
- the proponent's intended use complies with current zoning.

**FINANCIAL IMPLICATIONS**

The terms of purchase offered by the Affordable Housing Association of Nova Scotia is a less than market value of \$4.00. Based on the 2019 independent appraisal the market value of all 4 lots is \$236,538, if approved, the sale to the Association for \$4.00 represents an in-kind contribution by HRM of \$236,534.

Lost opportunity costs associated with a conveyance include the following:

Any waiver of municipal construction fees for registered non-profit and charitable organizations, including but not limited to Administrative Order 15 Respecting License, Permit and Processing Fees, By-law F-200 Respecting Fees for Permits and Licenses, and By-law P-400 Respecting the Installation of Plumbing Systems<sup>10</sup>.

Loss of deed transfer tax at 1.5% of the combined appraised value (\$236,538) is \$3,548.07.

The subject lands fall within the Centre Region and may be eligible for municipal grants under a proposed density bonusing fund (cash in lieu). The policy for such a program is being developed by HRM Planning & Development.

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<sup>10</sup> To date, consideration of municipal fee concessions has been restricted to housing developments.

If Council decides to proceed with the sale, funds received from the Association will be directed to the Capital Funds Reserve Q526

**Budget Summary. Obligation Reserve – Capital Fund Reserve Q526**

Projected Net Available as at June 30, 2020 (Q1)	\$57,168,068
Add: Proceeds of Sale as per report	\$ <u>4</u>
Projected Net Available Balance to March 31, 2021	\$57,168,072

**Obligation Reserve – Capital Fund Reserve Q526**

The reserve is funded by the sale of land in HRM, other than Business/Industrial parks or sale of land conveyed to HRM for parks, playgrounds or similar public purposes. Several other large properties are now excluded from deposit to this reserve and are being redirected to the Strategic Capital Reserve Q606. The Capital Fund Reserve is governed by the Halifax Regional Municipality Charter Section 120(1), (3) and (4). Withdrawals from the reserve are for capital expenses for which the Municipality may borrow.

A sale will necessitate a review of the property's current assessed value. Upon conveyance, the property will become taxable.

**RISK CONSIDERATION**

Moderate: Although the ability to complete construction within the timelines stated in the application is speculative, holding costs are minimal because the lands are not encumbered. However, the ability to finance construction is unconfirmed due to dependence on federal and provincial loans, loan insurance, and grants. This risk will be mitigated by making the sale conditional upon the Association providing proof of financing on or prior to the closing date. Thus, if the Association is unable to obtain the requisite financing, the sale will not be completed and HRM will retain the lands. The application of a Buy-Back Agreement will protect the public interest should the project not proceed, in the event of a substantive change in use, a change in the Association's viability (in 2019 99% of the Association's funding came from government organizations), or protracted delays, or should the Association breach its obligation to continually provide the required affordable housing component for at least a period of 25 years following the closing date. Should the Municipality not choose to extend the Buy-Back Agreement beyond the initial term of 25 years, there is a risk that the Municipality may not be able to enforce the property owner's obligation to provide affordable housing in perpetuity.

**COMMUNITY ENGAGEMENT**

A public information meeting was advertised in the Municipal Notices section of the Chronicle-Herald newspaper on January 11, 2020 and the HRM website, and held on January 23, 2020 – 6:00pm to 8:00pm, at the Dartmouth Community Food Centre, 6 Primrose Street, Dartmouth. Approximately 12 people attended.

A Call for Submission Notice was advertised in the Municipal Notices section of the Chronicle-Herald newspaper January 25, 2020 and listed on the designated web site for the disposal of property through Administrative Order Number 50 Respecting the Disposal of Surplus Real Property, Community Interest category. In accordance with Schedule 1, subsection 10(4)(a) of the Administrative Order proponents were permitted 90 days to prepare their submissions.

### **ENVIRONMENTAL IMPLICATIONS**

In December 2019, Strum Consulting completed a Phase I Environmental Site Assessment of the subject lands comprising five (5) vacant lots. The findings identified only one potential concern: infill material (soil) used for civic 91 True North Crescent (PID 40414146) was “uncontrolled”. A Phase II assessment was recommended to determine if the soil is contaminated.

### **ALTERNATIVES**

1. Council could amend the proposed sale price of \$1.00 or the terms and conditions of conveyance as proposed.
2. Council could decline to convey the properties to the Association.

This option is not recommended: As proposed in the terms and conditions of sale, the sale of each lot would not proceed before the Association completes its due diligence for all the lots, including its Phase II Environmental Site Assessment for 91 True North Crescent, at its expense.

### **ATTACHMENTS**

1. Site Map and Ariel Photography.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance, Asset Management & ICT 902.490.5469; Colin Walsh, Acting Project Manager, Corporate Real Estate Finance, Asset Management & ICT, 902.579.2824.

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Attachment 1 - Site Map and Ariel Photography

